

Message Text

SECRET

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ACTION AF-08

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 L-03 IGA-02 ACDA-07 TRSE-00 OMB-01 EB-07 /062 W

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P R 220822Z SEP 76

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIORITY 1021

INFO SECDEF WASHDC ISA/AF//DSAA

USCINCEUR VAIHINGEN GERMANY //ECJ4/7//

S E C R E T ADDIS ABABA 10447

E.O. 11652: GDS

TAGS: MASS ET

SUBJECT: ETHIOPIAN FMS CREDIT

REF: STATE 224168 (DTG101500Z SEP 76)

1. IN DISCUSSION WITH MOND AYALEW MANDEFRO 21 SEP 76, CMAAG TOOK OCCASSION TO MAKE POINTS COVERED IN PARAGRAPHS 1 AND 2, REF A, HAVING ALREADY PASSED 7.75 PERCENT INTEREST RATE TO HIM BY PHONE LAST WEEK. AYALEW EXPRESSED GRATITUTDE FOR BEING SO INFORMED AND STATED HE UNDERSTOOD AND PERSONALLY AGREED THAT THE POINTS STRONGLY SUPPORTED THE CASE THAT POLITICAL MOTIVATIONS DID NOT DICTATE INTEREST RATE.

2. ADVISED THAT USG NEEDS NOTIFICATION OF EPMG INTENTIONS SOONEST AND ASKED IF A DEFINITE RESPONSE COULD BE EXPECTED, HE REPLIED THAT HE COULD WRITE CMAAG A LETTER RELATING THE DECISION THAT HAD ALREADY BEEN TAKEN AND CONVEYED PREVIOUSLY: THAT IS, AS LONG AS THE INTEREST RATE IS GREATER THAN 5 PERCENT, IT WILL NOT BE ACCEPTED. HE STATED THE DRAFT CREDIT AGREEMENT HAD BEEN PASSED ON TO THE COUNCIL, PMAC CHAIRMAN AND MINISTER OF FINANCE. LATTER'S VIEW WAS THAT WHILE THERE ARE A NUMBER OF FAVORABLE PROVISIONS IN IT, AS LONG AS THE HIGH INTEREST RATE PREVAILED IT COULD NOT BE ACCEPTED. AYALEW

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ALSO SAID THAT INFORMATION CONCERNING THE 7.75 PERCENT

INTEREST RATE IN SEPTEMBER HAD NOT ALTERED MINFIN'S
POSITION.

3. CMAAG STATED SUCH ADVISORY LETTER WOULD BE USEFUL,
SO THAT WASHINGTON COULD BE DEFINITELY INFORMED OF
THE DECISION, MOND AGAIN SAYING HE COULD WRITE SUCH
BUT WITHOUT MAKING SPECIFIC COMMITMENT TO DO SO. IT,
THEREFORE, REMAINS TO BE SEEN WHETHER WE ARE ADVISED
FIRMLY AND FINALLY IN WRITING BEFORE 30 SEPT; BUT IT
IS QUITE CLEAR THAT ISSUE IS DEAD FOR PRESENT, BARRING
UNFORESEEN TURN OF EVENTS.
TIENKEN

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Message Attributes

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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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